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SUBJECT: MEDIA REACTION: IRAQ, DAVOS, TURKEY-ISRAEL, FINANCE,  
RUSSIA

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- [1.](#) Lead Stories Summary

Editorials focused on the pay hikes for Deutsche Bahn employees, the most recent decisions by the Pope, and the debate over the nationalization of banks. Lead stories in the papers deal with the failure to approve a new set of environmental rules and on the Pope.

ZDF-TV's early evening newscast Heute and ARD-TV's early evening newscast Tagesschau opened with stories on the wage deal between Deutsche Bahn and its employees.

- [2.](#) Iraqi Elections

Many German media carried mainly factual reports on the Iraqi provincial elections, highlighting that "the provincial elections in Iraq remain peaceful" (Berliner Zeitung headline). "Most peaceful election since Saddam's ousting (Sueddeutsche headline), and "A little peace - The regional elections in Iraq remained unusually calm," (Tagesspiegel headline).

An editorial in Die Welt headlined "Peaceful elections -- a great step forward," and added: "Attacks and assassinations were expected during the first elections since 2005. The relief is now all the greater because there were hardly any incidents. Many Iraqis even say it was the most peaceful day since the invasion of the U.S.-led forces in March 2003. The Iraqi security forces have done the job well; they are the first winners of the election.... The next democratic test will come at the end of the year when national elections are held. If they are peaceful, we can assume that Iraqis will have understood democracy as an opportunity to participate."

Under the headline "Iraqis give democracy a try," Frankfurter Allgemeine Sonntagszeitung carried a photo showing a queue of female Iraqi voters. The caption said: "Broadly peaceful: 15 million Iraqi voters were called to the ballots under strict security precautions on Saturday to elect 14 out of 18 provisional parliaments. No major

incidents were reported by the closure of the polling station. It was the first election since 2005 when the country experienced civil war-like clashes.

Berliner Zeitung concluded: "The optimists, who make the case for a quick withdrawal of the troops based on the signs of an improved situation, were apparently right. U.S. media and voices in Iraq see the Election Day as successful evidence that the U.S. army is no longer needed. The new president in the White House is glad about it because he can now call troops home... Many Iraqis, who desire an end of the occupation, are also happy about this."

Saturday's Frankfurter Allgemeine wrote under the headline "Iraqi Emancipation" in a think piece: "The broad spectrum of participants will probably limit the influence of those who currently hold the power as well as the influence religion has on politics. In the election campaign, economic needs and demands played a greater role than religious rhetoric. Parties that call for more federalism and who thereby want to weaken the central government seem to be losing ground.... Four years after badly managed administrations and serious corruption, politicians had to account for their policies in the election campaign.... A real political representation of Iraqis is emerging out of the political construction created after Saddam's fall. Institutions that are accepted by Iraqis have now been created."

### 13. Davos Global Economic Forum

Frankfurter Allgemeine Zeitung argued: "Chancellor Merkel's proposal for a 'Global Economic Council' was not a flash in a pan. She has frequently presented it, even though she is still unclear about the details...but an analogy with the UN Security Council makes us shudder. The UN has bodies where members can vote on economic and financial policies. But these policies do not function, and this problem cannot be resolved by founding a new working group. It would be better for Merkel to rethink her plan."

According to Sueddeutsche Zeitung, "a change of trends was not visible in Davos. Instead we got many indications that politicians, managers, and scientists are not yet ready for the new times. In Davos, we could observe a frightening herd instinct of the elites. A year ago, everything was alright, but now there has been a complete turnaround. Everyone was singing the blues! But in this context, they forgot to seek solutions, offer ways out, or to agree on concepts that lead us out of the crisis. Davos demonstrated that the global elite is still scratching the surface. One cannot win the future when leaving it to the movers of the moment, who have no plan that goes beyond the coming week. In the end, there must be a struggle to find the right course, but a real wrestling is not taking place in Davos. Insofar the meeting was a missed opportunity."

Regional daily Coburger Tageblatt judged: "This meeting in Davos was worthwhile only for one reason. It made clear the great helplessness in view of the collapsing markets. And it remains painful to listen to this mountain of meaningless words which politicians, managers, theoreticians and pragmatists left in Davos. Davos 2009 produced the sobering insight that no one in this world knows a solution for the problems that the world did not know before this fall 2008. Yesterday's instruments are no longer valid and no one has any tools for tomorrow in his or her toolbox."

### 14. Turkish PM Erdogan Clashes With Israel

FAZ commented: "In the run-up to the elections, Erdogan showed his voters that Turkey, an old friend of Israel, disapproves of the Gaza War. Applause at home was certain. He wanted to send a message to Israel that Israel owes him at least honesty for his efforts to mediate relations with Syria. The indirect talks between Israel and Syrian were apparently advanced; now they have broken down.... Its frustrating for Erdogan, whose reputation as a broker in the Mideast and as a bridge between the Islamic world and the West has been damaged."

Sueddeutsche editorialized: "It seemed as if Erdogan enjoyed the success at home. But the triumph was bought cheaply and could come costly for him and his country.... The statesman Erdogan responded like a dilettante and damaged his course; the Turkish government

pursues two interlocked foreign policy goals: The country wants to solidify its role as regional power and wants to become an EU member.... For the time being, Erdogan greatly disqualified himself as a mediator."

Tagesspiegel stated: "Peres signaled on Friday that he will stick to Turkey as a partner, despite the incidents in Davos. The Israeli Ambassador to Ankara predicted a return to normalcy soon. Erdogan should also make an effort to pour oil on troubled waters, regardless of the elections. His speech on Friday, in which he clearly distanced himself from the anti-Semitism and anti-Israeli outbursts of his supporters, was a first step. Others must follow."

Under the headline "Erdogan Plays with Fire" Frankfurter Rundschau opined: "The fact that Erdogan is not a diplomat and easily goes through the roof was clear before. He demonstrated this again in Davos. The slogans of his supporters, who welcomed him as the conqueror of Davos, are even more disturbing.... It seems like the conservative Muslim wanted to appeal especially to his supporters with his attacks against Israel. This is a dangerous game. The Turkish prime minister is recklessly fueling anti-Semitic resentments among his people."

Berliner Zeitung had this to say: "It was to be feared that the cease-fire for Gaza would not be very useful. This conflict between Israel and Hamas can be resolved only if both sides approve a true cease-fire. At least there are positive signals. The Egyptian negotiators are working hard to find an acceptable agreement. Hamas seems to accept that Fatah units take over border controls. For Israel, something else is important: the political will in Cairo to contain weapons smuggling to Gaza. The weakening of Hamas offers the chance to find new rules of the game in the Middle East. But it is paradoxical that this can function only if Hamas remains strong enough to assert itself against global Jihadists."

## 15. Financial Markets

Under the headline: "Cold Chill Of Horror," Sueddeutsche argued: "Only a few days ago, the world cheered at Barack Obama's election but now a cold chill of horror is wrapping around the managers and politicians outside the U.S. If Obama and his Democrats give in to populist tendencies and if the planned 'Buy American' bill becomes reality, the world will be on the verge of a trade war."

Frankfurter Allgemeine Zeitung dealt with Treasury Secretary Timothy Geithner's accusations that China manipulated the Yuan and argued: "This conflict about the Yuan could provoke a new trade conflict. But the world currently needs nothing less than new protectionism. A trade conflict between the largest and the third largest economies would mean pouring even more oil into the fire of the global economy. But even critics of the Chinese government must admit that the Chinese government has rarely before disappointed the international community with its economic decisions. Instead of stabilizing economic growth through erratic ups and downs in the exchange rates, the Chinese government is increasingly likely to directly stimulate the domestic economy. The focal point should be considerably higher spending on education and health care. At the same time, this would reduce China's dependency on growth rates that it will be unable to maintain and it is also likely to reduce the savings quota...."

Frankfurter Rundschau deals with the role of the state in view of the banks' losses and noted: "The question of nationalization and expropriation is shaking the pillars of the state. But nevertheless, this is no longer a question of ideology. The real revolutionaries are sitting today in the headquarters of the Bundesbank, the oversight agencies, in Wall Street and in the banking towers in Frankfurt. They do not want to crush but to save the system. They know that the system cannot heal itself. Only one institution can help. This is the state, for the belief in the unlimited opportunities of the markets no longer helps."

Die Welt judged: "We are rubbing our eyes in view of the speed with which the principles and rules are turned upside down as a consequence of the crisis in the financial markets. But what is really flabbergasting is the apparent lack of alternatives. At issue are no longer state interventions themselves but only the amount of money that is being used on a scale that does not know any limits."

The consequences would be unforeseeable. Politicians are now faced with a dilemma of appeasing the voters or keeping the economy running. In Britain, Prime Minister Brown is already under pressure from protests against the use of foreign workers. This ?only be the beginning. But the well-being of the state urgently requires international agreements on how to limit state intervention. But as it looks right now, the national states do not seem to have the force to do so."

In the view of Handelsblatt, "the banks would be bankrupt - at least according to today's accounting standards - without the state, without the citizens. Chancellor Merkel's guarantee of all savings deposits in October revealed the degree of the misery. It is likely that the horror scenario of a run on banks could be prevented with this courageous step."

Mass-circulation, right-of-center tabloid Bild-Zeitung of Hamburg opined: "A bankruptcy of the Hypo Real Estate bank (HRE) would have massive consequences for commercial banks, savings banks, insurance companies, but also for ordinary people who invested their money in covered bonds. When looking at HRE, the state is faced with Hobson's choice - the choice between pestilence (insolvency) and cholera (nationalization). There is one comfort: It is possible to survive cholera but not pestilence."

#### 16.    Protests in Russia

According to Sueddeutsche Zeitung, "Russia's leadership is worried about possible unrest in the population, for the global economic crisis is hitting the country hard. But the government need not be worried too much. There was only a minor response to the call for nationwide protests. The rating for the leadership duo that must lead Russia through the gravest economic storm in ten years is still stable. But if Russia now wants to restructure its economy, it will have to open up to other international companies more than in the past. Thus far, the Russian opposition is unable to profit from this dilemma. The leadership in the Kremlin has now weathered the first protests. But stronger unrest will follow if the economic crisis escalates. Early this year, the downswing will hit the labor market, but even then protests will not shake their power. But Putin and Medvedev's uneasiness will increase and with it the demand for unbridled control."

Frankfurter Allgemeine wrote that Putin's followers said in Moscow "that the West is to blame for the misery, because it is stirring up the Russians against each other to weaken the country. That is why Medvedev and Putin's course must be continued against the opposition and its international supporters. What was it again that Putin called for in Davos last week? New international cooperation? At home he is striking a different tone."

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